GOVERNMENT LAND FOR HOUSING

QUESTIONS FOR CONSULTATION

Ministry of Housing
Ministry of Government Services

June 1991

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MINISTERS' MESSAGE

One of the Ontario Government's top priorities is ensuring that all residents of this province have a decent, affordable place to live.

To this end, in 1991, the Government is: introducing legislation to protect tenants against unfair rent increases; increasing the funding for non-profit and co-operative housing by 10,000 units (this is in addition to a total of 35,000 units already under development); consulting on a comprehensive housing framework, and on how to create a better quality of life in public housing; and adopting a policy for making greater use of government land for housing.

These initiatives are being taken in response to the belief that Ontario's housing policy is based on four fundamental principles:

- Access to safe, secure and affordable housing, suitable to people's needs, is a basic human right.
- Housing is fundamental to individual and family well-being and to the quality of life in Ontario communities.
- Housing contributes significantly to the prosperity and stability of Ontario's economy.
- Responsibility for the provision of housing is shared among all levels of government and among all sectors of Ontario's economy and society.

The Province of Ontario owns land in many communities that is no longer needed for its original purpose, or that could be used more effectively. The Government is committed to the following objectives for the use of this land:

- Government land is a social resource, as well as an economic resource.
- Housing should be a priority use for surplus government lands suitable for housing.
- Housing development on government land should demonstrate the Government's commitment to a cleaner, healthier environment.

92-03437/

The Government is taking a number of actions to make more government land available for housing, to increase the amount of affordable housing on these sites and to provide more support for development on them. We expect that these steps will produce a significant number of new affordable homes across Ontario.

This paper provides the details of the steps that are being taken. It also asks a number of questions. These questions include:

- What proportion of the housing on government sites should be affordable households of low and moderate income?
- Should a certain proportion of the housing be made available for non-profit or co-operative housing groups?
- Should the Government buy new land for housing purposes?
- Should surplus lands of municipalities, school boards and transfer payment agencies be offered for purchase by the Province for housing?

We would like interested organizations and individuals to give us their views on these questions **by August 30, 1991**. The Government's final policy on the use of government land for housing will not be determined until the consultation process is complete.

We look forward to hearing from you. Thank you for giving this matter your time and consideration.

Dave Cooke
Minister of Housing

Fred Wilson
Minister of Government Services

CONSULTATION PROCESS

Additional copies of this paper in English or French are available from:

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Written comments on the paper may be sent to the Honourable Dave Cooke, Minister of Housing, and the Honourable Fred Wilson, Minister of Government Services, c/o:

Housing Policy Branch
Ministry of Housing
Consultation Paper on Government Land for Housing
2nd Floor, 777 Bay Street
Toronto, Ontario
M5G 2E5

The deadline for briefs is **August 30, 1991.**

Staff of the Ministries of Housing and Government Services are available to answer questions about the "Government Land for Housing" paper, and about the related consultation paper concerning a "Housing Framework for Ontario." To set up a meeting to discuss the Government Land paper, please contact Frank Nicholson of the Ministry of Housing at 585-6342.

The views of provincial transfer payment agencies (bodies funded in large part by provincial funds) on the Government Land paper are being solicited by the ministries from which the agencies receive their funding.

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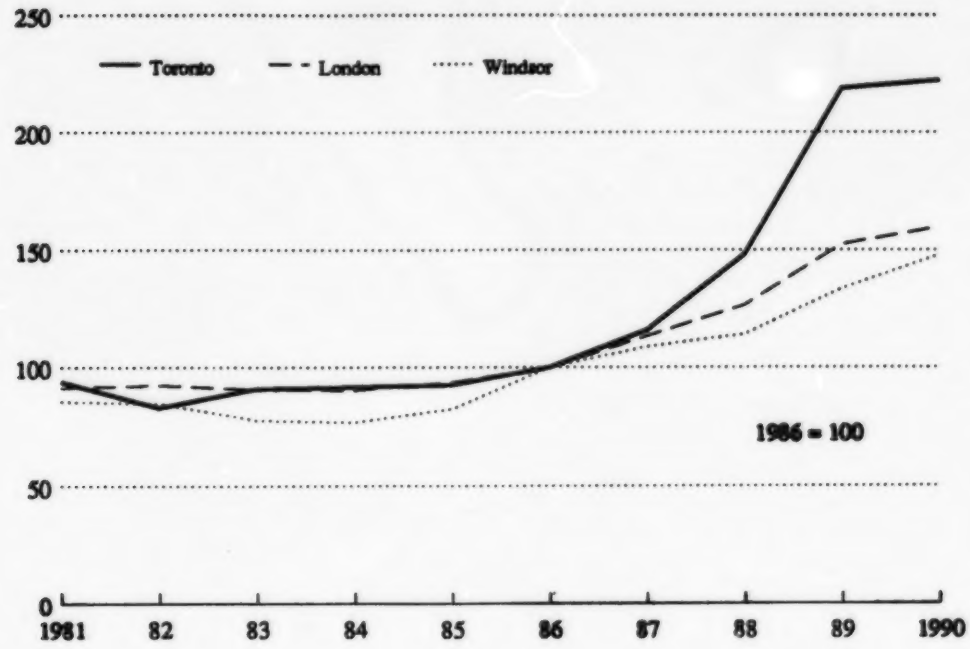
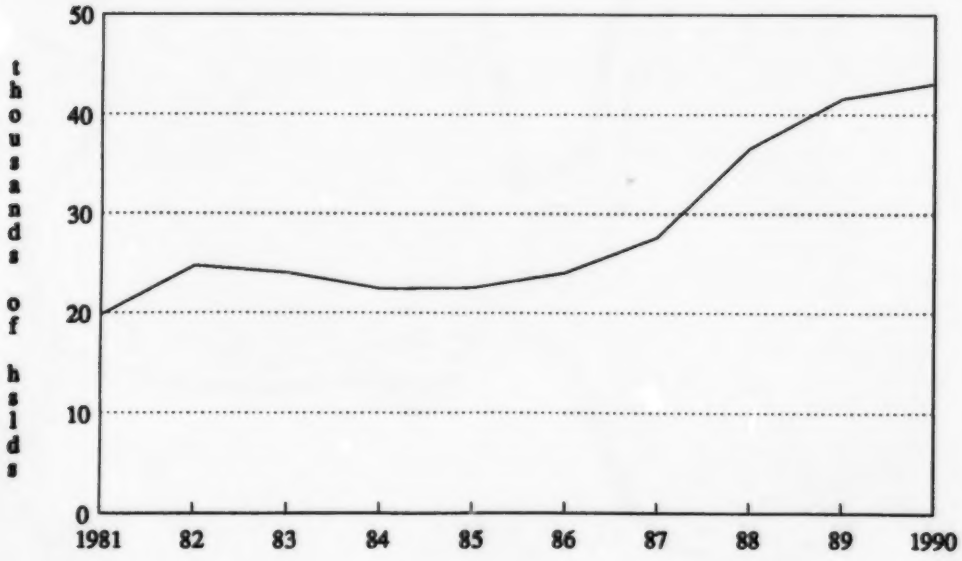


ONT. HOUSING CORP. PRIORITY LIST FOR THOUSE IN NEED OF HOUSING



LAND FOR HOUSING: WHAT THE GOVERNMENT CAN DO

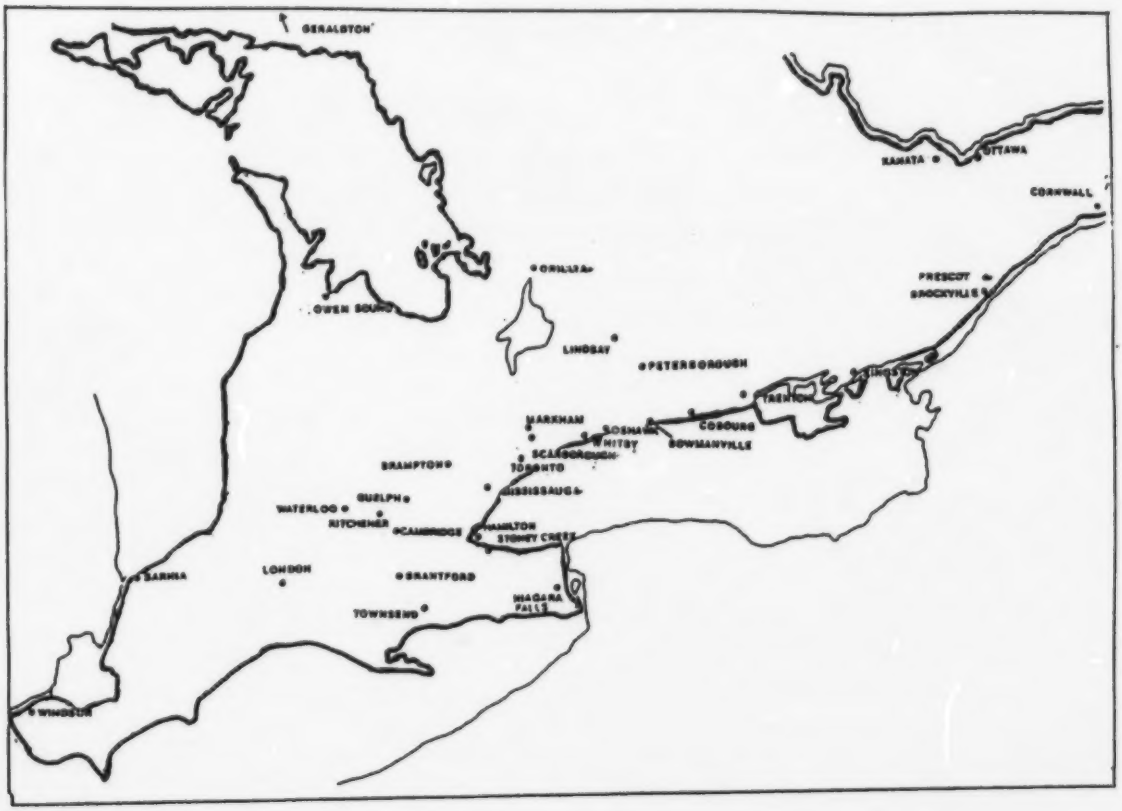
The Ontario Government owns a substantial amount of land in the urban and urbanizing areas of Ontario. Some of the larger holdings were acquired for housing or regional development. The Seaton site northeast of Metro Toronto is one example. However, much of the Province's land was acquired over the years for purposes unrelated to housing - government offices, court houses, highways, community institutions. Some of these sites are no longer required (in whole or in part) for the purpose for which they were originally bought, and could be used more effectively if redeveloped.

The Government believes that housing should be a priority in the development of such sites. Using government land for housing will help avoid a repetition of the shortage of land for affordable housing that developed during the second half of the 1980s. The chart at the top of the opposite page gives some idea of what happened to land prices during this period.

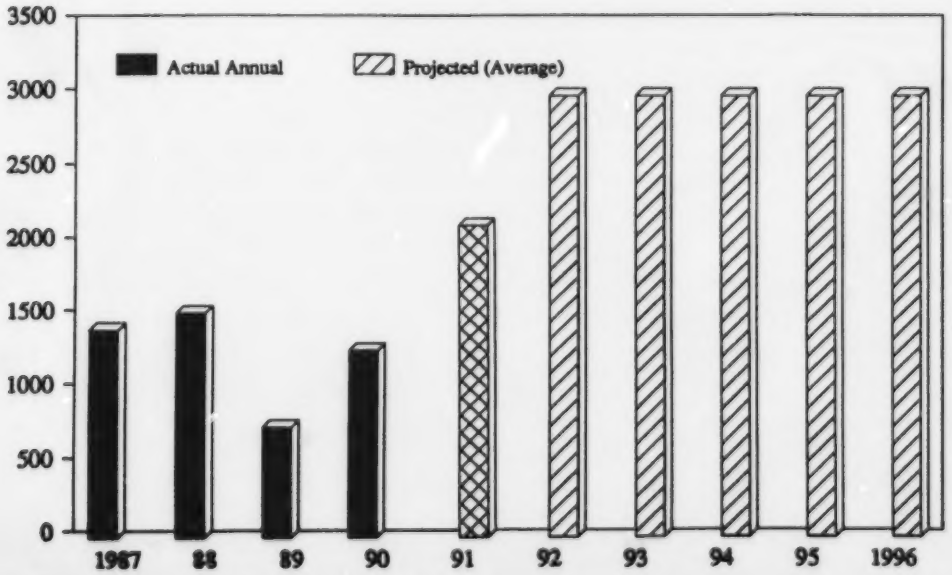
"Affordable housing" means a home that households of low and moderate income can afford without having to spend more than 30 per cent of their income for rent, or for mortgage payments and property taxes. Housing that is affordable can be assisted housing or private rental or ownership housing. The Land Use Planning for Housing Policy Statement, which the Province issued under the Planning Act in 1989, requires municipalities to plan for a full range of housing types in their communities, and to aim for at least 25 per cent of new residential development to be affordable, including both assisted housing and affordable private ownership or rental housing.

The Government believes that government land can make an important contribution to increasing the supply of affordable housing. Given the continuing increase in the number of applications for assisted rental housing, Ontario now faces an estimated requirement of 80,000 new affordable rental units over the next five years. The adoption of the policies and proposals outlined in this paper should result in the production of approximately 15,000 housing units on government land over this period, of which 10,000 to 11,000 would be affordable rental or ownership homes.

COMMUNITIES WITH HOUSING DEVELOPMENTS ON GOVERNMENT LAND, 1987-90



HOUSING UNITS MARKETED ON GOVERNMENT LAND



It should be pointed out that the Government land initiative cannot by itself solve all Ontario's housing problems. Housing production on Government sites is unlikely to be more than 5 per cent of total housing production in the province in any year. This means that every possible source of affordable housing should be pursued. The broader challenges of housing supply and affordability are addressed in the consultation paper that the Ministry of Housing has released on a "Housing Framework for Ontario."

NEW GOVERNMENT LAND POLICY

Background

The Province of Ontario's policy for using Government land has undergone a number of changes in recent years. In the mid-1980s, the Province adopted a policy of selling its surplus lands in order to maximize revenue to the provincial treasury. However, in view of increasing land prices and housing costs, and a scarcity of appropriate land, a "Housing First" policy was adopted in 1987.

Under the Housing First policy, surplus lands of ministries and some Crown agencies that were suitable for housing were to be used for housing. At least 35 per cent of the housing units developed in any year were to be affordable. Land not suitable for affordable housing was to be sold, and the proceeds applied to a "Housing Development Fund."

A total of approximately 5,000 housing units have been "marketed" to date. The Government believes that this performance can be improved if policy changes are made to:

- increase the amount of government land available for housing;
- increase the proportion of the housing that is affordable; and
- assist the progress of developments through the planning approval process.

The former "Housing First" policy is thus being strengthened in several ways under the new "Housing Priority" policy. The new policy will be administered jointly by the Ministry of Government Services, which is chiefly responsible for managing and developing the Province's real property assets, and by the Ministry of Housing, which is responsible for programs to address housing supply and affordability.

The details of the policy changes are set out below.

Clearer Housing Priority

Housing will be given clearer priority in the allocation of surplus Government sites in urban areas that are suitable for housing.

Previously, in practice, sites tended to only become available for consideration for housing use when it was decided that no other provincial uses were feasible. In the future, sites will be considered for housing use as soon as they are surplus to the needs of an individual ministry or agency.

If the Ministry of Housing determines that a particular site is suitable for housing, the site will then be held for residential development. The only exception will be if the Government decides that there is a more compelling provincial use that should take precedence. An example of such a situation would be the Rouge Valley in Scarborough, where the Province decided that 1,500 acres of tableland should be included in the new Rouge Valley park. This was because of the environmental interest in the area as a whole.

While the "Housing First" policy applied to all parts of the Province, in practice, it was limited to urban and urbanizing areas with a housing need. This approach will be continued and clarified under the new policy. Ontario cannot be wasteful of its agricultural and resource areas. Urban areas will be the focus of efforts to develop housing on government land.

The government sites included under the new policy will be those located in the municipalities listed in the background information section of this paper.

Inventory of Underutilized Sites

More land will be freed up for consideration for housing use by looking at provincial sites that have not yet been declared surplus, but that may become so, or that could accommodate more development.

The Whitby Psychiatric Hospital east of Toronto provides an example of the sites that may become available as more people with special needs receive care in the community rather than in institutions (often referred to as "deinstitutionalization"). Some 110 acres of land at this site have recently been proposed for residential development.

The development of such sites may, of course, include uses other than housing, such as schools, where this would be desirable based on sound land use planning principles.

The Management Board of Cabinet recently issued a Directive requiring ministries and agencies to identify their underutilized properties. The Ministry of Government Services is developing ways to assist ministries in carrying out this requirement. As well, an inventory of underutilized urban sites that have housing potential will now be prepared by the Ministries of Housing and Government Services on an annual basis.

Application to Crown Agencies

The Government hopes to further enlarge the pool of sites available for housing by applying the new Housing Priority policy to virtually all Crown agencies of the Government.

The 1987 "Housing First" policy only applied to certain agencies, the "Schedule I" agencies, which are financed out of general Government revenues and subject to Management Board directives. In 1989 the policy was, however, extended to Ontario Hydro, a "Schedule II" agency.

The new Housing Priority policy will apply to virtually all provincial Crown agencies. (See the background information section of the paper for a list of Ontario's Crown agencies.) Newly covered agencies include the Liquor Control Board of Ontario, the Workers Compensation Board and the colleges of applied arts and technology.

The way in which the policy will apply to each agency will be determined on a case-by-case basis, following discussions with the agencies involved. The policy will not cover Crown agencies that are solely engaged in the administration of pension funds, since their properties are held for investment purposes to secure their members' pensions.

Use of High-Value Sites

The Province owns a limited number of extremely valuable sites in urban centres that may be suitable for housing. The Government recognizes that there may be instances where significantly more affordable housing can be produced if a site is sold, and the proceeds used to buy other sites, than if the site is developed directly for affordable housing.

High-value sites will only be sold where approved by Cabinet. Provision will be made for the application of sale revenues to the production of more affordable housing. A detailed report will be prepared for the Operations Committee of Cabinet documenting the number, type and location of the additional housing units that would be produced.

This site-specific approval mechanism takes the place of the former "Housing Development Fund." The Fund was an accounting device introduced as part of the "Housing First" policy to provide some idea of the revenue generated from selling lands that were suitable for affordable housing. The money credited to the Fund was only used indirectly for housing purposes, through expenditure on roads and other infrastructure. The Fund was discontinued by the 1991 Provincial Budget.

Planning Approval Support

The Government intends to continue to actively assist affordable housing development on its sites through the planning approval process.

Zoning and official plan changes are often needed to permit residential development on Government sites because the current designations are usually institutional or commercial. Since affordable housing tends to involve higher densities, this development is more likely to encounter

the NIMBY ("Not in My Back Yard") phenomenon. Because the Government is developing public land, it tries to be sensitive to general community concerns. This can, however, also result in delay.

The Land Use Planning for Housing Policy Statement directs municipalities to plan for a range of housing types in the community and to streamline the local approval process. Where necessary, the Province will intervene in support of affordable housing developments on government land, at meetings with municipalities and residents, and in hearings at the Ontario Municipal Board.

Approval of applications involving affordable housing are being given priority in the review by provincial ministries. The Ontario Municipal Board also attempts to provide reasonably early hearing dates for affordable housing applications.

Once the consultation on the question of the proportion of affordable housing to be developed on Government sites is complete, the Government will issue a statement clarifying its objectives for housing development on government sites so that they can be fully considered in the planning process.

Environmental Leadership

The Government intends to continue to demonstrate leadership in environmentally responsible development. The environmental characteristics of Government sites available for housing development will now be reviewed as soon as a site is declared surplus.

One of the inputs into the initial determination of whether a site is suitable for housing will be an identification of any potential environmental problems. These problems would include on-site contamination; the presence of environmentally significant areas; incompatibility with surrounding land uses; negative heritage impacts; and a lack of municipal servicing capacity. The cost of remedying any problems identified would also be taken into account.

This will not only ensure that development proceeds in an environmentally safe way, but should also help avoid unnecessary delays later by eliminating unsuitable sites early in the process.

Development on provincial land, unlike private development, must comply with the requirements of Environmental Assessment Act as well as the Planning Act. Currently, the Ministry of Government Services conducts environmental management studies under an "exemption order." This, however, will shortly be replaced with a full "class" environmental assessment, covering all MGS realty activities.

Summary

The Government of Ontario believes that government land can make a contribution toward increasing the supply of affordable housing if there is:

- clearer priority for housing in the allocation of surplus sites;
- an annual inventory of underutilized sites with housing potential;
- access to surplus sites of Crown agencies;
- consideration given to using high-value sites to acquire more land for housing;
- active support for affordable housing development in the planning approval process; and
- an environmentally responsible approach to development on government land.

QUESTIONS FOR CONSULTATION

There are other measures that the Government of Ontario believes would make government land an even more effective tool for promoting affordable housing. However, to proceed with these measures requires further consultation with the public. The additional measures include:

- increasing the proportion of affordable housing on Government sites above the current minimum of 35 per cent;

- making available certain Government lands for non-profit or co-operative housing, and holding the lands until they can be used for that purpose;

- having a provincial program for buying additional sites for housing in communities with little Government land but high housing need; and

- requiring municipalities, school boards and transfer payment agencies to offer their surplus properties for sale to the Province.

In order to facilitate the consultation process, the Government has developed a proposed "preferred approach" for consultation on each of the four issues. However, before adopting firm policy positions, the Government wishes to have responses from interested organizations and individuals to a number of questions. These questions are discussed in the remaining sections of the paper.

MIX OF HOUSING TYPES

Background

A variety of different housing types can be built on government sites. These range from affordable housing built with or without government assistance, to market housing built by the private sector geared at any range of income or household types.
Affordable housing is housing that low- and moderate-income households can afford without spending more than 30 per cent of their

income on rent or a mortgage and taxes. One form of affordable housing is non-profit and co-operative housing, sometimes known as assisted or social housing. This type of housing is built by community groups, with financial assistance from the Government. Affordable housing can also be affordable rental or ownership developments which are built by the private sector, without Government financial assistance.

In view of the high levels of need for affordable homes in Ontario anticipated over the next decade, the Government believes that more affordable housing should be required in developments on government land sites. Specifically, the 35 per cent guideline for affordable housing established under the 1987 "Housing First" policy should be increased, and in most cases there should be some affordable housing on each property.

This will not be a dramatic change from current practice. Of the 5,000 units developed for marketing on Government land since 1987, considerably more than 35 per cent were affordable. On the other hand, the 35 per cent guideline set under "Housing First" was to be an average for the housing developed in any year on all government housing sites. As a result, certain sites were developed without any affordable housing component.

An enhanced affordable housing objective for government land sites would ensure that affordable housing will continue to be built across the province.

Questions for Consultation

The Government would like to have the views of the public on the mix of housing to be developed on government land. Specifically, responses to the following questions would assist the government in developing a final approach:

- **How much affordable housing should be provided on government sites?**

- **What proportion of this affordable housing should be made available for non-profit/co-operative housing, and what proportion should be made available for affordable private ownership or rental housing?**

- **When sites are so small that they can only accommodate one project, should they be used only for non-profit or co-operative housing?**

Things to Think About

A number of factors need to be considered when answering these questions.

Higher proportions of affordable housing on government sites would enable more low- and moderate-income individuals to be housed. Similarly, by increasing the proportion of not-for-profit (ie. non-profit or co-operative) housing required on government sites, and/or setting aside smaller sites exclusively for non-profit/co-operative development, greater levels of affordability can be achieved.

However, building more affordable housing may raise more NIMBY ("Not in My Backyard") reactions. Since affordable housing is often built at higher densities than other housing, the degree of community resistance to development on government land may increase as the proportion of affordable housing on a site increases. This can result in delays in obtaining planning approvals for the site, which then translates into slower construction of housing.

Another disadvantage is that difficulties in securing Government funding allocations could conceivably arise if too high a proportion of not-for-profit housing is set for government sites. In addition, the need may not always exist in all communities for a great deal of assisted housing.

When determining the mix of housing on government sites, it may be useful to distinguish between small and large sites. A mix of housing types would be difficult to achieve on sites which are so small that they can accommodate only one project. The majority of government land sites are of this nature; therefore, consideration must be given as to how to overcome this difficulty.

One approach may be to use small sites exclusively for the development of assisted housing. This would result in significantly more opportunities for assisted housing on government lands.

Developing only non-profit or co-operative housing on small sites is unlikely to result in an over-concentration of one type of housing since the sites involved are small. It should not be difficult to integrate a development of, say, 100 units, into the average neighbourhood in a major urban centre. This is particularly so given the inclusion of market-rent units in not-for-profit developments funded under the Non-Profit Housing Program.

The assignment of all small sites to non-profit and co-operative sponsors might also help expedite the progress of the developments through the planning approval process. The groups would be able to take responsibility for obtaining the approvals at an earlier stage, and would tend to have more acceptance at the community level than a provincial ministry.

Should the "small site" approach be adopted, the definition of what constitutes a small site will have to be considered. This would vary considerably depending on the location of the site. A 100-unit site in a small city or town may be considered large, but would be perceived as small in a metropolitan centre.

On larger sites, a mix of assisted housing, private affordable housing (rental or ownership) and market housing may serve the needs of the community better. Ontario communities typically have a mix of housing types, serving households of different sizes, compositions and incomes. An advantage of mixing market and affordable housing on larger sites (such as 60 per cent affordable and 40 per cent market), is that they could more closely reflect the average community, since affordable housing is defined as housing which would be affordable to up to 60 per cent of households.

This benefit would be enhanced through a further provision for both assisted and private market affordable housing on government sites (such as 30 per cent assisted housing, and 30 per cent private rental/ownership). Since the range of housing on government sites would be increased through such provisions, they would be even more compatible with the full range of needs found in the average community. Conceivably, high- and middle-income homebuyers and renters, first-time homebuyers, and lower-income and needy renters could all be housed on government land sites.

A mixed housing site would also be beneficiai in that development of government land could be more responsive to community design and housing needs. The Government would, in most cases, be responsible for obtaining initial planning approvals which would permit the various uses on the sites, and only after this occurred would the sites be given to the user groups.

In the case of extremely large government land sites, such as the 7,000-acre Seaton site, and the 800-acre East Markham site, it may not be possible to establish the precise mix of housing in advance. These sites will, in a sense, become communities within their municipalities.

The final mix of housing types in such instances reflects the general objectives laid down under the Housing Priority policy, but will be determined separately.

Preferred Approach for Consultation - Mix of Housing Types

At this stage, the Province's preferred approach to the mix of housing types on government sites is:

- **Smaller government sites that would accommodate only one project should always be used for not-for-profit housing.**

- **The objective for larger government sites would be 60 per cent affordable housing, with at least half of the affordable units (30 per cent overall) being for not-for-profit housing, and the other 30 per cent for affordable private housing (ownership or rental). The remaining 40 per cent of the units could then be unspecified market housing. Significant variations from the 30/30/40 objective should only occur where justified by community need or physical site constraints.**

RESERVING NOT-FOR-PROFIT HOUSING SITES

Background

The Ministry of Housing currently matches appropriate non-profit and co-operative housing groups to government sites as they become available through the Ministry of Government Services. The sites are then leased or sold by MGS to the groups in accordance with Ministry of Housing program requirements. (New options with respect to program requirements are discussed more extensively in the Housing Framework paper). Currently, a lease of 65 years is used to guarantee that land will continue to be used for assisted housing.

The criteria that the Ministry of Housing uses to select not-for-profit housing groups for government sites are as follows:

- The group must have a funding allocation from the Ministry of Housing.
- The site must be suitable to the client group in terms of location and size (a local group is preferred).
- The group must be capable of developing and administering an assisted housing project over the long term.
- The proposed cost of the development must be reasonable.
- The need for the type of housing has been demonstrated.
- An appropriate "match" exists between the client group to be served and the proposed design for the development.

Sometimes a group meeting all these requirements cannot be found immediately. Because there is currently no policy basis for holding a site for an extended period of time, the possibility exists that sites will be lost to housing use. This could become an important consideration if the policy is adopted of assigning a certain proportion of government land for assisted housing.

Questions for Consultation

The Government would like input on this question:

- **Should government land made available for assisted housing be reserved until an appropriate non-profit or co-operative housing group can be found, if so for how long?**

Things to Think About

The benefits of the Ministry of Government Services reserving an assisted housing site until a group can be found is that all land suitable for assisted housing would be used for that purpose. The costs of maintaining the land during the interim period would be a disadvantage of this approach.

These costs could be significant if land were held for a long period of time. However, the risk could be minimized by having a limit on the length of time that sites could be held for housing.

It should be noted that the Ontario Non-Profit Housing Association and the Co-operative Housing Association of Ontario have advanced the concept of a community land trust, one of whose functions could be to manage lands allocated to individual non-profit and co-operative housing groups. The issue addressed in this paper is reserving government land before potential not-for-profit groups are identified. The broader issue of whether a housing land trust should be established is addressed in the "Housing Framework for Ontario" paper.

Preferred Approach for Consultation - Reserving for Not-for-Profit Housing

The Province's preferred approach at this stage is:

Sites for not-for-profit housing would be held by the Ministry of Government Services until such time as they can be allocated to a specific group by the Ministry of Housing. If an appropriate group is not found immediately, the site would be managed by the Ministry of Government Services for a maximum of five years from the date that it becomes available for housing development.

ACQUISITION OF NEW SITES FOR HOUSING

Background

During the 1960s and 1970s the Province of Ontario acquired lands to be used for housing. A number of large sites were bought in the "Golden Horseshoe" area, some in conjunction with the federal government. The Ontario Land Corporation acted as the Province's agent for this purpose. During the 1980s there was a move away from the idea that the Government should be actively involved in the land development process. The Ontario Land Corporation was dissolved and the policy was adopted that provincial lands should be sold for their revenue potential. This policy was redirected with the Housing First announcement in 1987. However, Housing First has been restricted to existing Government lands. No new lands have been bought.

The Province helps non-profit/co-operative groups to purchase land for assisted housing through the operating subsidies under the Non-Profit Housing Programs. In addition, capital loans have been made available at preferred lending rates out of the Canada Pension Fund funds under the Homes Now program.

As has been discussed above, some funding for the acquisition of new sites may become available in the event that high-value sites are sold and the proceeds used to produce a greater amount of affordable housing on other sites. However, these sales are likely to be intermittent and few in number, and will therefore not generate sufficient funds to finance a general program of land acquisition.

Questions for Consultation

- **Should the Government have a general program of acquiring new sites for affordable housing?**

- **If so, what criteria should be used for determining where sites should be acquired?**

Things to Think About

There are two reasons for considering a land acquisition program.

First of all, government land - and surplus government land - is not distributed evenly across the province. Some areas have high housing need but little government land, while the converse is the case for other areas. It may be seen as inequitable for some areas to be benefiting from the new policy on the use of land for housing while other areas are not.

Secondly, as is explained below, the Ontario Government is considering requiring municipalities (and their local boards), school boards and provincial transfer payment agencies to make their surplus lands available for purchase by the Province (or by a not-for-profit housing group designated by the Province). Neither the Ministry of Housing nor the Ministry of Government Service currently have program funding for direct purchase of sites for housing purposes. While the Non-Profit Housing Programs provide financial support for acquisition of sites by not-for-profit groups, there may not be a group with program funds at the moment that a particular site becomes available. It could be seen as unreasonable to ask a municipality, school board or transfer payment agency to hold a site until it could be taken by a group.

If the policy is pursued, sites would be purchased by the Ministry of Government Services at the request of the Ministry of Housing. Criteria would be needed to determine where new sites should be purchased.

One approach would be to establish need on a regional basis through the Fair Share Allocation Model used by the Ministry of Housing and Canada Mortgage and Housing Corporation for the allocation of not-for-profit units, and at the local level through projections of housing need contained in Municipal Housing Statements. Need projections would then be compared to availability of government land. Within available budget, sites would be bought in those municipalities where a significant gap had been identified.

Preferred Approach for Consultation - Acquisition of New Sites

At this stage, the Government believes that:

The Province should have a general policy of acquiring sites for affordable housing in communities that have significant need but that have a proportionately small amount of surplus government land available for housing.

PARTICIPATION BY MUNICIPALITIES, SCHOOL BOARDS AND TRANSFER PAYMENT AGENCIES

Background

The pool of sites to support the current housing supply initiatives could be significantly increased by the participation of municipalities (and their local boards), school boards and provincial transfer payment agencies (public sector bodies that receive a large part of their funding from provincial grants on an ongoing basis). The issue for consultation is whether prior to selling a property surplus to their purposes, these bodies should have to offer it to the Province (or its designate) for purchase at appraised market value so that it could be used for housing. Among the bodies that have significant land holdings are municipalities, school boards and hospital boards.

The 1987 "Housing First" Policy did not extend to the public sector outside the Provincial Government. However, the Province invited municipalities to direct their surplus lands to housing purposes on a voluntary basis, and some municipalities (e.g. the City of Toronto, the Region of Ottawa-Carleton) adopted such policies. As well, the Ministry of Housing established an arrangement to review the surplus properties of conservation authorities and colleges of applied arts and technology.

In April 1990, the Minister of Municipal Affairs introduced amendments to the Municipal Act (Bill 152) dealing with the conduct of municipal council meetings and the disposal of surplus municipal real property. The bill included a provision intended to give the Province a "right of first refusal" for housing purposes for surplus

properties of municipalities and their local boards. That is, the Province was to have the right to buy the property before any other bids could be taken.

There was not a full public discussion of Bill 152 because the bill died on the order paper when the provincial election was called. However, a provincial-municipal committee prepared an extensive report on the regulations required to implement the legislation.

Questions for Consultation

- **Should municipalities, school boards and transfer payment agencies be required to offer their surplus properties to the Province for purchase for housing?**
- **Should this provision apply to all bodies, or just to some?**
- **Should the Province's right be one of "first refusal" or of "first notification"?**
- **Should the Province's right to buy be for housing purposes only, or be for any provincial purpose?**
- **How should the Province's right be implemented so as to minimize any administrative burden on affected agencies?**

Things to Think About

The Government recognizes that it may not be desirable for all types of public sector bodies to be included under the Housing Priority policy - for several reasons.

A great many smaller community service agencies funded by the Province do not own land, and if they do, the land is unlikely ever to become surplus to their needs. It would not be a wise application of public resources to impose requirements that would not generate land for housing.

Mandatory participation in the Housing Priority policy should probably also be limited to areas of housing need. While there is shortage of affordable housing in the urban and urbanizing parts of the province, this is not necessarily true in many smaller and rural communities. The 1990 legislation on surplus municipal properties restricted the application of the right of first refusal provision to municipalities designated by the Minister of Municipal Affairs. A list of the municipalities that were proposed for designation can be found in the background information.

The issue of how far the Province's right over municipalities surplus properties should extend was discussed in connection with the preparations for the implementation of Bill 152. While the stated purpose of the bill was to provide a right of first refusal, in fact, the bill as drafted only required the municipality to notify the Province of an impending sale. It did not impose a legal obligation to sell.

The municipal representatives on the Bill 152 regulations committee argued that this "right of first notification" was sufficient. However, it could be argued that desirable housing sites would be lost if the Province were placed on a par with other potential bidders, some of whom would have more direct local knowledge.

Another issue that arose in connection with Bill 152 was whether the properties subject to a provincial right of first refusal should be available for any provincial purpose, or just for housing. The right was restricted to housing under that legislation. On the other hand, it should be noted that the Province itself currently in effect affords municipalities a right of first refusal in respect of surplus provincial properties located within their boundaries, for any municipal purpose.

Some bodies may own properties bought primarily with sources of funding other than public funds - e.g. private bequests. In addition, certain lands will not be suitable for housing - e.g. municipal road rights-of-way. It may not be desirable for the provincial right of first refusal to extend to such properties.

It is not anticipated that a provincial right of first refusal would operate in such a way as to interfere with current requirements that surplus properties in one school system be offered first to other school boards.

The Ministry of Housing would expect to enter the picture only if no school use were feasible. The same approach would be taken to transfers of properties between conservation authorities.

Whatever the ultimate form of the Province's right, there would be a number of administrative details to be resolved in implementation. These include provisions to avoid any "cloud" on the title of properties not sold to the Province.

Preferred Approach for Consultation - Participation by Municipalities, School Boards and Transfer Payment Agencies

The Province's preferred approach at this stage is:

Municipalities (and their local boards), school boards and transfer payment agencies in urban areas of the province should be subject to a statutory provincial "right of first refusal" for housing purposes. This means that their surplus land would have to be offered to the Province for purchase prior to other bids being taken.

BACKGROUND INFORMATION

GLOSSARY OF HOUSING/LAND TERMS

Affordable Housing - defined by the Land Using Planning for Housing Policy Statement to be housing that would be affordable to a full range of households up to the 60th percentile of incomes in the community in that the cost (rent, or mortgage payments and property taxes) does not form more than 30 per cent of a household's income. Includes Assisted Housing and Private Affordable Housing.

Assisted Housing - housing built or operated by public or non-profit organizations with government subsidy. Another term used for this type of housing is Social Housing. Originally, virtually all Assisted Housing was Public Housing, in which all the units were rent-geared-to-income. Since 1980, almost all new Assisted Housing in Ontario has been Not-for-Profit (Non-Profit or Co-operative) housing, with a mix of rent-geared-to-income and market rents.

Bill 152 - amendments to the Municipal Act introduced by the Minister of Municipal Affairs in April 1990 dealing with the openness and accountability of municipal council meetings and the disposition of municipal property. Included a provision of which the stated purpose was to give the Province a right of first refusal for the surplus properties of municipalities and their local boards for housing purposes. The bill died on the order paper when a provincial election was called.

Class Environmental Assessment - a generic process used for assessing the environmental impacts of certain categories of projects under the Environmental Assessment Act. Normally includes a "screening" mechanism so that only major projects have to go to a full hearing by the Environmental Assessment Board.

Co-operative Housing - Affordable Housing built with government subsidy by a co-operative housing group and managed by the residents as members of the co-operative. A minimum of 25 per cent of the units in the building would be full rent-geared-to-income.

Crown Agency - an agency, board or commission that forms part of the Provincial Government. Crown agencies can be advisory, regulatory or operating. In terms of how close they are to the Government, agencies can be Schedule I, II or III (see below).

Environmental Assessment Act - requires that possible environmental impacts be assessed before projects can proceed. Applies to public sector projects except where exempted, and to private sector projects when designated by the Minister of the Environment.

Currently, the Ministry of Government Services has an exemption order under the act requiring an environmental assessment process for realty activities. Major projects are the subject of Environmental Management Plans. The exemption order is being replaced by a Class Environmental Assessment (see above).

Government Land - in this paper, when used with a capital "g," refers to land owned by her Majesty in right of Ontario, either by a ministry or a Crown agency. When used with a lower-case "g," includes lands of municipalities, school boards and transfer payment agencies.

Housing Development Fund - a "notional" Fund established by the 1987 Provincial Budget to account for revenues from the sale of Government land not used for affordable housing; not used directly to finance housing expenditures; discontinued in the 1991 Provincial Budget.

Housing First - the policy that applied to the use of surplus Government land from 1987 to 1990. It provided that lands surplus to the needs of the Government would generally be used for housing, with 35 per cent of the housing to be affordable overall. The starting point for the new "Housing Priority" policy.

Land Trust - a community corporation owning land in trust on behalf of non-profit and co-operative housing groups.

Land Use Planning for Housing Policy Statement - a formal policy statement issued in 1989 by the Ministers of Municipal Affairs and Housing under section 3 of the Planning Act. Among other things, the Statement requires municipalities to plan for a full range of housing in their communities and to aim for 25 per cent of new residential development to be affordable.

Local Board - in this paper, refers to a board, commission or authority exercising any power with respect to the affairs of a municipality (but not a school board). Includes library boards, transportation commissions and police commissions.

Management Board - a committee of Cabinet established to deal with financial and administrative matters of the Government. Issues Directives that ministries and Schedule I agencies must follow. The recently issued Real Property and Accommodation Directive clarifies the obligation of ministries and agencies to ensure optimal use of their real property assets. Operations Committee, which is a subcommittee of the Board, is responsible for overseeing the operations of the Government.

Market Housing - housing that is provided by the "for-profit" sector and that is not necessarily targeted as affordable housing.

Marketed - to offer government land sites for sale to builders/developers (not-for-profit or for-profit).

Municipal Act - the principal act governing the structure and operation of municipal government in Ontario. In regional areas, supplemented by the regional government acts.

Municipal Housing Statement - a statement prepared by municipalities documenting the housing needs of the community and setting out strategies for meeting these needs.

Non-Profit Housing - housing built and operated by a municipal or community group with the assistance of a government subsidy. A minimum of 25 per cent of the units in the building would be full rent-geared-to-income.

Non-Profit Housing Programs - programs whereby the "senior" levels of government subsidize the construction and operation of housing by non-profit and co-operative housing groups. The programs include the Federal-Provincial Non-Profit Housing Program, which is cost-shared with the federal government, and Homes Now, a "unilateral" provincial program. The 1991 Provincial Budget announced that an additional 10,000 units would be made available this year, for a total of 45,000 units under development.

Not-for-Profit Housing - includes Non-Profit Housing and Co-operative Housing.

NIMBY - "Not in My Back Yard." The community resistance that affordable housing projects sometimes encounter.

Planning Act - the principal act for the regulation of land use in Ontario. Prescribes municipal powers to designate land for certain uses under an official plan and to restrict the use of the land through zoning. Municipal decisions are appealable to the Ontario Municipal Board.

Private Affordable Housing - rental or ownership housing produced by the "for-profit" sector that would be affordable to a full range of households up to the 60th percentile of incomes in the community in the sense that the cost (rent, or mortgage payments and property taxes) will not form more than 30 per cent of a household's income.

Right of First Notification - the right of a potential purchaser of a property to be notified when the property is for sale.

Right of First Refusal - the right of one potential purchaser of a property to buy the property before other bids are considered.

Schedule I, II III Agency - the classification system for provincial Crown agencies. Schedule I agencies are closest to the Government. They tend to be financed out of general budgetary revenues and must follow Management Board Directives. Schedule II and III agencies are subject to less control. Schedule II agencies tend to be commercially-oriented (e.g. Ontario Hydro), while Schedule III agencies have a social or cultural purpose (e.g. the Workers Compensation Board).

Surplus Property - property that a Ministry or agency no longer requires to carry out its purpose.

Transfer Payment Agency - in this paper, used to refer to a public sector body that does not form part of the Provincial Government but that receives a significant part of its on-going funding from the Province.

Underutilized Property - property that is not yet surplus but that could be used to greater public benefit if redeveloped.

GOVERNMENT LAND
HOUSING PROJECTS MARKETED
1987-90

PROJECT	UNITS
1987	
BROCKVILLE	182
COBOURG	70
GARSON CITY	19
GUELPH	77
HAMILTON	151
HANOVER	24
IROQUOIS FALLS	135
KITCHENER	175
LINDSAY	38
NEPEAN	10
NIAGARA FALLS	89
PICKERING	9
SCARBOROUGH (MALVERN)	196
STONEY CREEK (HERITAGE GREEN)	95
THISTLETOWN	24
TOWNSEND	17
TRENTON	60
WINDSOR	43
1988	
HAMILTON	265
KITCHENER	135
LONDON	135
NIAGARA FALLS	3
PEMBROKE	11
PETERBOROUGH	80
PRESCOTT	11
SCARBOROUGH (MALVERN)	650
STONEY CREEK (HERITAGE GREEN)	138
THISTLETOWN	100
1989	
GERALDTON	112
KANATA	70
KAPUSKASING	3
KITCHENER	80
SCARBOROUGH (MALVERN)	413
STONEY CREEK (HERITAGE GREEN)	26
TOWNSEND	48
1990	
BOWMANVILLE	60
EAR FALLS	104
LONDON	62
MISSISSAUGA	526
PETERBOROUGH	40
STONEY CREEK (HERITAGE GREEN)	417
TOWNSEND	60
TOTAL	4,963

ONTARIO CROWN AGENCIES

Note: Only operational Crown agencies are listed here because the other kinds of agencies - advisory and regulatory - do not generally own land.

OPERATIONAL AGENCIES

SCHEDULE I

AGRICULTURE AND FOOD

Agricultural Rehabilitation and Development Directorate
Agricultural Research Institute of Ontario
Co-operative Loans Board of Ontario
Crop Insurance Commission of Ontario
Farm Income Stabilization Commission of Ontario
Ontario Agricultural Museum Artifacts Valuation Committee
Ontario Grain Corn Council
Ontario Junior Farmer Establishment Loan Corporation

ATTORNEY GENERAL

Finance Committee for the Investment of Court Funds

COLLEGES AND UNIVERSITIES

Ontario Council of Regents - Colleges of Applied Arts and Technology

COMMUNITY AND SOCIAL SERVICES

Soldier's Aid Commission

CULTURE AND COMMUNICATIONS

Ontario Film Development Corporation
Ontario Heritage Foundation
Ontario Historical Studies Series Board of Trustees
Ontario Science Centre

EDUCATION

Provincial Schools Authority

GOVERNMENT SERVICES

Ontario Mortgage Corporation
Provincial Judges Benefits Board

HOUSING

Ontario Housing Corporation

INDUSTRY, TRADE AND TECHNOLOGY

Eastern Ontario Development Corporation
Innovation Ontario Corporation
Northern Ontario Development Corporation
Ontario Development Corporation
Ontario International Corporation

NORTHERN DEVELOPMENT AND MINES

Northern Ontario Heritage Fund Corporation

TOURISM AND RECREATION

Ontario Place Corporation
St. Lawrence Parks Commission

TRANSPORTATION

Ontario Transportation Development Corporation

TREASURY AND ECONOMICS

Ontario Municipal Improvement Corporation

OPERATIONAL AGENCIES

SCHEDULE II

AGRICULTURE AND FOOD

Ontario Food Terminal Board
Ontario Stock Yards Board

CONSUMER AND COMMERCIAL RELATIONS

Liquor Control Board of Ontario

ENERGY

Ontario Energy Corporation
Ontario Hydro

ENVIRONMENT

Ontario Waste Management Corporation

HOUSING

North Pickering Development Corporation

NATURAL RESOURCES

Algonquin Forestry Authority

NORTHERN DEVELOPMENT AND MINES

Ontario Northland Transportation Commission

SKILLS DEVELOPMENT

Ontario Training Corporation

TOURISM AND RECREATION

Metropolitan Toronto Convention Centre Corporation
Niagara Parks Commission
Ontario Lottery Corporation
Ottawa Congress Centre

TRANSPORTATION

Toronto Area Transit Operating Authority

TREASURY AND ECONOMICS

Stadium Corporation of Ontario Ltd.

OPERATIONAL AGENCIES

SCHEDULE III

COLLEGES AND UNIVERSITIES

Boards of Governors - Colleges of Applied Arts and Technology

CULTURE AND COMMUNICATIONS

McMichael Canadian Collection
Ontario Educational Communications Authority
Province of Ontario Council for the Arts
Royal Ontario Museum
Science North

EDUCATION

Ontario Institute for Studies in Education
Ontario Teachers' Pension Plan Board

FINANCIAL INSTITUTIONS

Ontario Share and Deposit Insurance Corporation

HEALTH

Alcoholism and Drug Addiction Research Foundation (ARF)
Clarke Institute of Psychiatry
Community Advisory Boards - Psychiatric Hospitals
District Health Councils
Ontario Cancer Institute
Ontario Cancer Treatment and Research Foundation
Ontario Mental Health Foundation

HOUSING

Local Housing Authorities

INDUSTRY, TRADE AND TECHNOLOGY

Ortech Corporation

LABOUR

Workers' Compensation Board
Workplace Health and Safety

MANAGEMENT BOARD OF CABINET

Public Service Pension Board

MUNICIPAL AFFAIRS

Moosonee Development Area Board
Ontario Municipal Employees Retirement Board

TOURISM AND RECREATION

Ontario Trillium Foundation - Board of Directors
Thunder Bay Ski Jumps Limited

MUNICIPALITIES PROPOSED FOR DESIGNATION

CATEGORY 1:
Municipalities identified as Priority Areas under the Land Use Planning for Housing Policy Statement

Durham Region

- Oshawa
- Ajax
- Newcastle
- Pickering
- Whitby
- Brock
- Scugog
- Uxbridge

Halton Region

- Burlington
- Halton Hills
- Milton
- Oakville

Hamilton-Wentworth Region

- Hamilton
- Stoney Creek
- Ancaster
- Dundas
- Flamborough
- Glanbrook

Metro Toronto

- Etobicoke
- North York
- Scarborough
- Toronto
- York
- East York

Niagara Region

- Niagara Falls
- Port Colborne
- St. Catharines
- Thorold
- Welland
- Fort Erie
- Grimsby
- Lincoln
- Niagara-on-the-Lake
- Pelham
- Wainfleet
- West Lincoln

Ottawa-Carleton Region

- Gloucester
- Kanata
- Nepean
- Ottawa
- Vanier
- Rockcliffe Park
- Cumberland
- Goulbourn
- Osgoode
- Rideau
- West Carleton

Peel Region

- Brampton
- Mississauga
- Caledon

Waterloo Region

- Cambridge
- Kitchener
- Waterloo
- North Dumfries
- Wellesley
- Wilmot
- Woolwich

York Region

- Aurora
- East Gwillimbury
- Georgina
- Markham
- Newmarket
- Richmond Hill
- Vaughan
- Whitchurch-Stouffville
- King

Toronto CMA (Additional)

- Orangeville

- Beeton
- Bradford
- Tecumseth
- Tottenham
- West Gwillimbury

(the above 5 are subject to boundary readjustments)

London CMA

- Belmont
- Delaware
- Lobo
- London City
- London Township
- North Dorchester
- Port Stanley
- Southwold
- St. Thomas
- West Nissouri
- Westminster
- Yarmouth

Windsor CMA

- Anderdon
- Belle River
- Colchester North
- Essex
- Maidstone
- Rochester
- Sandwich South
- Sandwich West
- St. Clair Beach
- Tecumseh
- Windsor

CATEGORY 2: Municipalities not identified as Priority Areas under the Policy Statement but having a population greater than 25,000

- Barrie
- Belleville
- Brantford
- Chatham
- Cornwall
- Guelph
- Kingston
- Kingston Township
- North Bay
- Orillia
- Peterborough
- Sarnia-Clearwater
- Sault Ste. Marie
- Stratford
- Sudbury
- Timmins
- Woodstock